

Senate Bill No. 429

CHAPTER 117

An act to add and repeal Section 65863.13 of the Government Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 28, 2001. Filed with
Secretary of State July 30, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

SB 429, Soto. Housing: assistance.

The Planning and Zoning Law requires an owner of an assisted housing development to give tenants specified notices prior to the anticipated termination date of a subsidy contract, and to give specified entities the opportunity to offer to purchase the development.

This bill would provide that the owner shall be deemed to be in compliance with the notice requirement and that the requirement to give the opportunity to purchase shall not apply if specified conditions are contained in a regulatory agreement recorded against the property.

The bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 65863.13 is added to the Government Code, to read:

65863.13. (a) An owner shall not be required to provide a notice prior to prepayment as required by Section 65863.10 if, upon prepayment, all of the following conditions are contained in a regulatory agreement that has been recorded against the property:

(1) No tenant who resides in the development on the effective date of prepayment shall be involuntarily displaced on a permanent basis as a result of the prepayment, unless the tenant has breached the terms of the lease.

(2) The owner shall accept and fully utilize all renewals of project-based assistance under Section 8 of the United States Housing Act of 1937, if available, and if that assistance is at a level to maintain the project's fiscal viability. The property shall be deemed fiscally viable if the rents permitted under the terms of the assistance are not less than the regulated rent levels established pursuant to subparagraph (A) of paragraph (6).

(3) The owner shall accept all enhanced Section 8 vouchers, if the tenants receive them, and all other Section 8 vouchers for future vacancies.

(4) The owner shall not terminate a tenancy at the end of a lease term without demonstrating a breach of the lease.

(5) The owner may, in selecting eligible applicants for admission, utilize criteria that permit consideration of the amount of income, as long as the owner adequately considers other factors relevant to an applicant's ability to pay rent.

(6) (A) For units that have project-based Section 8 assistance upon the effective date of prepayment and subsequently become unassisted by any form of Section 8 assistance, rents shall not exceed 30 percent of 60 percent of the area median income. If any form of Section 8 assistance is or becomes available, rent and occupancy levels shall be set in accordance with federal regulations for the Section 8 program.

(B) For unassisted units and units that do not have project-based Section 8 assistance upon the effective date of prepayment and subsequently remain unassisted or become unassisted by any form of Section 8 assistance, rents shall not exceed the greater of (i) 30 percent of 50 percent of the area median income, or (ii) for projects insured under Section 241(f) of the National Housing Act, the regulated rents, expressed as a percentage of area median income. If any form of Section 8 assistance is or becomes available, rent and occupancy levels will be set in accordance with federal regulations governing the Section 8 program.

(b) As used in this section, "regulatory agreement" means an agreement with a governmental agency for the purposes of any governmental program, which agreement applies to the development that would be subject to the notice requirement in Section 65863.10.

(c) Section 65863.11 shall not apply to any development for which the owner is exempt from the notice requirements of Section 65863.10 pursuant to this section.

(d) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to clarify the law to allow pending preservation projects to qualify for the second round of 2001 bond allocations awarded by the



California Debt Limit Allocation Committee, it is necessary that this act take effect immediately.

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